Message Text

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ORIGIN NEA-12

INFO OCT-01 ADP-00 SS-15 PM-07 NSC-10 CIAE-00 INR-10

NSAE-00 RSC-01 SSO-00 INRE-00 NSCE-00 L-03 OMB-01

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DRAFTED BY NEA/ARP:FMDICKMAN:CF 8/18/73 EXT 22647 APPROVED BY NEA:RPDAVIES DOD/ISA - MR NOYES NAVY OPO-6 - ADMIRAL WEYLANDER

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O 181857Z AUG 73 FM SECSTATE WASHDC TO AMEMBASSY JIDDA IMMEDIATE INFO USMTM DHAHRAN IMMEDIATE CNO USCINCEUR

SECDEF

SECRETSTATE 164691

SECDEF FOR ISA

E.O. 11652: GDS TAGS: MASS, SA

SUBJ: SAUDI NAVAL EXPANSION PROGRAM (SNEP)

REF: USMTM'S 161020Z AUG 73

- 1. IN VIEW CONSIDERABLE EFFORT AND TIME SPENT OVER PAST YEARS TO DEVELOP SNEP, IT WOULD BE MOST UNFORTUNATE IF WE WERE TO LOSE PROGRAM AT THIS STAGE AND PRINCE SULTAN SHOULD GO FORWARD WITH RECOMMENDATION TO COUNCIL OF MINISTERS.
- 2. WE APPRECIATE PART OF PROBLEM IS THAT IN SEEKING TO BE RESPONSIVE TO DIFFERENT REQUESTS BY SAUDI NAVY FOR VARIOUS ADD-ONS, THIS HAS RESULTED IN CONTINUED PRICE ESCALATION SECRET

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WHICH MAY NOT HAVE BEEN CONVEYED IN SATISFACTORY DETAIL

TO PRINCE SULTAN BY HIS SUBORDINATES. WE BELIEVE IT IS THEREFORE MOST IMPORTANT THAT SULTAN RECEIVE A CAREFUL AND FULL EXPLANATION OF HOW THE 840 MILLION DOLLAR FIGURE WAS ARRIVED AT. WE ALSO BELIEVE IT MOST IMPORTANT THAT WE DISABUSE HIM OF ANY NOTION HE MIGHT HAVE THAT THERE ARE PRESSURES ON USG NOT TO PROVIDE SAG WITH NAVAL PRESENCE BY MAKING SAUDI NAVY TOO EXPENSIVE. SULTAN SHOULD BE ASSURED THAT SNEP CAN BE TAILORED DOWNWARD SIGNIFICANTLY AND STILL MEET SAUDI OBJECTIVE OF EVENTUALLY HAVING SMALL BUT MODERN AND WELL TRAINED NAVY.

3. AMBASSADOR SHOULD BE PRESENT AT AUGUST 22 MEETING WITH

SULTAN TO ENSURE ABOVE POINTS ARE MADE. MEANWHILE, WOULD APPRECIATE EMBASSY'S ASSESSMENT OF SULTAN'S ALLEGATIONS AND OF SERIOUSNESS OF SULTAN'S STATEMENT THAT HE PLANS RECOMMEND CANCELLATION OF SNEP.

4. WITH AMBASSADOR'S CONCURRENCE, NAVY PREPARED SEND REPS TO SAUDI ARABIA TO ATTEND AUGUST 22 MEETING WITH PRINCE SULTAN. THESE REPS WILL BE PREPARED TO PRESENT ALTERNATE PROPOSALS FOR SNEP RANGING FROM 596 TO 840 MILLION DOLLARS. PLEASE ADVISE IMMEDIATELY SINCE REPS MUST LEAVE WASHINGTON BY AUGUST 20. ROGERS

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Message Attributes

Automatic Decaptioning: X Capture Date: 01 JAN 1994 Channel Indicators: n/a

Current Classification: UNCLASSIFIED

Concepts: MILITARY ASSISTANCE, NAVAL FORCES, MILITARY VISITS

Control Number: n/a Copy: SINGLE Draft Date: 18 AUG 1973 Decaption Date: 01 JAN 1960 Decaption Note: Disposition Action: RELEASED Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: morefirh
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973STATE164691

Document Number: 1973STATE164691
Document Source: CORE
Document Unique ID: 00
Drafter: FMDICKMAN:CF

Enclosure: n/a Executive Order: GS DAVIES

Errors: N/A Film Number: n/a From: STATE

Handling Restrictions: n/a

Image Path:

ISecure: 1

Legacy Key: link1973/newtext/t19730829/aaaaauzd.tel

Line Count: 85 Locator: TEXT ON-LINE Office: ORIGIN NEA **Original Classification: SECRET**

Original Handling Restrictions: n/a Original Previous Classification: n/a Original Previous Handling Restrictions: n/a

Page Count: 2

Previous Channel Indicators:
Previous Classification: SECRET Previous Classification: SECRET Previous Handling Restrictions: n/a Reference: USMTM'S 161020Z AUG 73 Review Action: RELEASED, APPROVED Review Authority: morefirh

Review Comment: n/a
Review Content Flags: Review Date: 07 JAN 2002

Review Event:

Review Exemptions: n/a
Review History: RELEASED <07-Jan-2002 by kelleyw0>; APPROVED <28 FEB 2002 by morefirh>

Review Markings:

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Review Media Identifier: Review Referrals: n/a Review Release Date: n/a Review Release Event: n/a **Review Transfer Date:** Review Withdrawn Fields: n/a

Secure: OPEN Status: NATIVE

Subject: SAUDI NAVAL EXPANSION PROGRAM (SNEP)

TAGS: MASS, SA To: JIDDA

Type: TE

Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005